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## INTERIM BUDGET 2019: PM-KISAN SCHEME

# Irrigating the Farm Landscape



**Shweta Saini**

In his budget speech, Piyush Goyal announced the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). Under the scheme, ₹6,000 is to be transferred each year to every small and marginal farmer (SMF). Farmers can use it to buy inputs like seeds, fertilisers, or to just meet their other needs.

GoI has budgeted about ₹75,000 crore for the scheme for 2019-20. Payment is to be made in three equal instalments of ₹2,000 each directly into bank accounts of identified beneficiaries. Interestingly, the scheme has been made effective retrospectively from December 2018.

As per Agriculture Census 2015-16, India has over 14.6 crore farmers and 86.2% — 12.6 crore — are SMF, that is, those who operate on landholdings lower than two hectares. To understand what ₹6,000 would mean for these farmers, one can look at farmer income data from the National Bank for Agriculture and Rural Develop-

ment's (Nabard) All India Rural Financial Inclusion Survey (Nafis). As per Nafis, SMFs earned ₹79,802-1,19,878 in 2015-16. This means that the ₹6,000 annual direct income transfer under PM-KISAN would be only about 5-8% of their existing income levels. This may not be much, particularly when compared with other direct income transfer (DIT) schemes rolled out in Telangana and Odisha.

In a pioneering move in May 2018, Telangana rolled out the Rythu Bandhu Scheme (RBS). Farmers who owned land, received an unconditional cash transfer of ₹4,000 (increased to ₹5,000 from kharif 2019) per acre twice a year — ₹10,000 a year.

The scheme had two big problems: it was regressive (as payment connected to landholdings meant that larger farmers got a greater share in the payout), and it excluded tenants, sharecroppers and farm labourers, a section as, if not more, vulnerable than small landowning farmers.

One good thing that the Telangana government did was that it undertook a mission-mode exercise to update land records and connected them with bank details of beneficiaries. This exercise took a year to complete. RBS is simple in design and easy to implement and monitor.

In December 2018, Odisha launched



**Getting the green signal**

the Krushak Assistance for Livelihood and Income augmentation (KALIA). Unlike RBS, KALIA is more complicated in design and implementation. It commits to give ₹5,000 per SMF, twice a year; that is ₹10,000 a year. It has already made payments to 1.2 million SMFs in January 2019.

It is better than RBS in two ways. One, it's more progressive, as every farmer receives the same amount of money irrespective of his landholding size. And, two, by covering landless sharecroppers and farm labourers, and targeting only SMFs, the scheme is efficient by design.

PM-KISAN resonates with KALIA. But there are differences. KALIA offers ₹10,000 a year; while PM-KISAN is to give out ₹6,000 a year. Also, a DIT to landless labourers covered under KALIA's livelihood component is missing under PM-KISAN.

It's crucial to note the promise that

the first instalment of ₹2,000 under PM-KISAN will be made before March 31, 2019. As per the budget speech, the scheme is "made effective from December 1, 2018", and "the first instalment for the period up to March 31 would be paid during this year itself", for which the budget has made a provision of ₹20,000 crore in revised estimates of 2018-19. This means that GoI has less than two months to deliver on this promise.

The biggest challenges will come from three areas. One, in the absence of updated land records, where in some states they have not been updated since the 1930s, creating a database of unique beneficiaries and connecting it with bank details (and possibly Aadhaar) will be the toughest part of the exercise.

Two, it is crucial that PM-KISAN payments are made directly into beneficiary bank accounts. Alternatively, GoI may want to consider issuing cheques.

Three, as agriculture is a state subject, cooperation from states is pivotal in delivering such a scheme. But how the Centre manages that, particularly from non-BJP states, is to be seen.

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